



## CORONATION FUND MANAGERS LTD

### GROUP BOARD CHARTER

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The Coronation Group includes Coronation Fund Managers Limited (“Coronation Fund Managers” or “the company”) and all companies that, from time to time, qualify directly or indirectly as subsidiaries of Coronation Fund Managers. This charter applies to the board of Coronation Fund Managers Limited (“the board”).

#### 1. CONSTITUTION AND COMPOSITION

- 1.1. The Coronation Group Board is constituted by the board of Coronation Fund Managers to fulfil the functions and meet the requirements as laid down in the Companies Act 71 of 2008, as amended, the Listings Requirements of the JSE; the King IV Report on Corporate Governance for South Africa 2016 (“King IV Report”), as amended, the Constitution of South Africa (including the Bill of Rights), the Coronation Group’s codes of conduct and policies, the Memorandum of Association, as amended, and to fulfil such other functions as set out in this Charter.
- 1.2. Each director shall be selected and appointed or removed by the board, as assisted by the Coronation Group Remuneration and Nominations Committee, subject to final approval by the board and by the shareholders in a general meeting. At each annual general meeting at least one-third of the directors (including executive directors) shall retire and may be re-elected provided that he/she remains eligible to serve as a director. Directors seeking re-election after the completion of their third term in office (having served a period of nine years) must undergo an annual independence assessment conducted by the Board or an independent third party.
- 1.3. There will be a minimum of 4 directors at all times or such additional number as is required to satisfy the composition requirements of the board committees. There will be no maximum number of directors unless the shareholders determine that such a maximum should apply. All new appointments will require a written acceptance from the new appointee confirming their acceptance of the role as director.
- 1.4. The chairperson should be an independent, non-executive director.
- 1.5. The office of the chairperson of the Board and the CEO shall be separate. There shall at all times be a clearly defined division of responsibilities of both the chairperson and the CEO to ensure that no one individual has unfettered powers of decision-making.
- 1.6. The board will appoint a lead independent non-executive member.



- 1.7. There shall be a majority of non-executive directors on the board, of whom the majority shall be independent.
- 1.8. The composition of the board should aim to reflect the demographics of the country with appropriate gender and racial diversity.
- 1.9. The board may form committees consisting of directors that will be governed by their own separate committee charters as more fully set out in paragraph 8 below.

## **2. PURPOSE AND OBJECTIVES**

The purpose of this Charter is to set out the roles, responsibilities and powers of the board as well as the practices of the board in respect of its responsibilities.

## **3. MEETING FREQUENCY**

- 3.1. All board meetings will be subject to compliance with the MOI:
  - 3.1.1. Board meetings shall be held as determined by the board, but as a minimum four times a year;
  - 3.1.2. A record shall be kept of the attendance of directors at board meetings. The board shall make decisions by a majority of votes;
  - 3.1.3. The agenda will be formulated in such manner as determined by the board from time to time;
  - 3.1.4. The CEO shall, with the assistance of the company secretary, ensure that information and data that is important to the board's understanding of the business be distributed in writing, to the extent reasonably practical one week, before the board meets. This material should be as brief as possible while still providing the essential information;
  - 3.1.5. Board papers should be sent to the board members in advance so that the board's meeting time can be conserved, and the discussion time focused on questions that the board has about the material ; and
  - 3.1.6. Minutes of all board meetings shall record the proceedings and decisions taken, the details of which shall remain confidential.

## **4. ROLES AND RESPONSIBILITIES OF THE BOARD**

- 4.1. The responsibility of the board of Directors is to represent the interests of the stakeholders of the company, in perpetuating a successful and sustainable business that ensures the achievement of the vision of the company.
- 4.2. The board's role is to guide, evaluate and control the actions of the executives in meeting this objective without becoming active in or interceding in the day-to-day management of the business. The board is ultimately accountable and responsible to the shareholders for the performance and affairs of the company. The board must therefore retain full and effective control over the company and must give strategic direction to the management of the company. It must be involved in all material decisions affecting the company but



may delegate responsibility in regard to operational matters to the management of the company as recorded in as schedule of authorities or similar document. The board is also responsible for ensuring compliance with all relevant laws, regulations and codes of business practice.

- 4.3. In addition, the board has a responsibility to the broader stakeholders which include the present and potential beneficiaries of the company's products and services, clients, lenders and employees and other corporate stakeholders, to achieve continuing prosperity for the company.
- 4.4. The individual directors of the board, both executive and non-executive, carry full fiduciary responsibility in terms of the Companies' Act and there shall always be a clear balance of power and authority to ensure that no one director has unfettered powers of decision-making.

## **5. ROLE OF THE CHAIRPERSON AND THE LEAD INDEPENDENT NON-EXECUTIVE**

### **5.1 Role of the Chairperson**

- 5.1.1 The chairperson is primarily responsible for the functioning of the board and ensuring the integrity and effectiveness of the board and its committees.
- 5.1.2 The chairperson shall lead the board to ensure the objective and effective discharge of its governance role and responsibilities are met.

### **5.2 Role of the lead independent non-executor**

The lead independent non-executive shall:

- 5.2.1 lead the board in the absence of the chairperson;
- 5.2.2 lead the performance appraisal of the chairperson or act as chairperson in any other instance where the chairperson is conflicted in relation to a matter being considered by the board; and
- 5.2.3 assist the chairperson in all other matters where necessary.

## **6. ORIENTATION OF NEW DIRECTORS**

- 6.1. An induction programme aimed at gaining a full understanding of the Company, its operational environment and the markets in which it trades shall be conducted for all newly appointed directors.
- 6.2. Directors have a responsibility to acquaint themselves with their fiduciary duties, and responsibilities, as well as with the issues pertaining to the operations and business environment of the company so that they are able to fulfil their duties.



## 7. CONFLICT OF INTEREST

- 7.1. A director is not disqualified by virtue of his office from contracting with the company. Full disclosure of the nature of a director's interest on any matter before the board is however required.
- 7.2. A director may not vote on any matter in which he/she has an interest, financial or otherwise. Additionally, he/she shall notify the board of such interest prior to any board discussions taking place on the matter and shall be recused from any meeting when such matters are discussed.
- 7.3. Executive directors must distinguish between their role as director and that of manager when considering matters. Should they be unable to reconcile the two roles, they should withdraw from the board discussion and the voting. An executive director when acting as a director, as opposed to when acting as a manager, is not accountable to the CEO in the hierarchal sense for their actions or vote.
- 7.4. The chairperson may for good reason request executive directors to leave the boardroom for any part of the board meeting.
- 7.5. Non-executive directors shall be subject to the same dealing rules and disclosures as those that pertain to the company staff when dealing in the company shares.

## 8. COMMITTEES

- 8.1. The board has constituted the Coronation Group Audit, the Coronation Group Risk, the Coronation Group Remuneration and Nominations, and the Coronation Group Social, Ethics and Transformation Committees.
- 8.2. Composition and functions of committees:
  - 8.2.1. The board shall set out their purpose. The composition of each committee shall comply with prevailing regulations and statutes governing the company.
  - 8.2.2. Each committee chairperson will report back to the full board on the work of the committee and issues discussed at each committee meeting.
  - 8.2.3. Each committee will have its own charter which will be reviewed and approved by the board on an annual basis.
- 8.3. Assignment of committee members
  - 8.3.1. The chairperson, considering the experience, competencies and experience of each director, as well as the desires of individual directors where appropriate and practically possible, shall propose the assignment of directors to various committees.

## 9. EVALUATION OF DIRECTORS AND THE BOARD COMMITTEES

With the assistance of Coronation Group Remuneration and Nominations Committee the performance of the board and its committees will be assessed on an annual basis with an appropriate methodology to conduct the performance evaluation. The evaluation of the board



and its committees are conducted to ensure continued improvement in its performance and effectiveness. The evaluation of the results will be discussed in detail.

A formal evaluation process, either externally facilitated or not in accordance with methodology approved by the governing body, should be followed for evaluating the performance of the governing body, its committees, its chairperson and its individual members at least every two years.

## **10. BOARD ACCESS TO STAFF AND EXTERNAL ADVISORS**

### **10.1. Attendance of non-directors at board meetings:**

The chairperson may permit employees of the company staff and outside parties to attend all or part of board meetings at specific or regular times. The purpose for such attendance is to provide the board with expert insights to their deliberations or with additional information on operational matters or as capacity building for potential directors or for other reasons as may be determined by the board. The CEO shall propose such attendance and consult the chairperson before reaching a decision.

### **10.2. Board access to senior employees and the books and records:**

Board Members have unrestricted access to consult the company's senior employees regarding information about the operations of the company, records, documents and property, which they may require to make competent decisions.

### **10.3. Board access to external experts:**

Board members may collectively or individually consult external professional advisors on any matter of concern to the company after having advised the CEO and chairperson as appropriate. The company shall be obliged to bear the costs of these consultation services.

## **11. SUCCESSION PLANNING**

The board will determine, in consultation with the CEO and the Coronation Group Remuneration and Nominations Committee, a succession plan for its members and key management.

## **12. COMPANY SECRETARIAL ROLE**

12.1. The board is responsible for the selection and appointment of the company secretary. In addition, the board shall recognise the pivotal role to be played by the company secretary in the achievement of good corporate governance and empower this individual accordingly.

12.2. The company secretary or deputy shall attend all board meetings

## **13. RESERVATION OF POWERS**

13.1. Except as reserved for the shareholders in terms of the Companies' Act or the MOI, the board has unfettered powers to govern the company but shall always comply with all relevant legislation and regulation when exercising such powers. The board shall adopt a strategic plan for the business which will be reviewed and adopted annually.

13.2. Besides the powers reserved for board approval in terms of the Reservation of Powers (Appendix 1), it delegates authority to the executive committee to manage the company



and business, on a day to day basis. Regular quarterly board meetings are held, at which there is full coverage of all events and initiatives within the business during that quarter. Although the delegation of authority exists, the board still makes the final decision for all executive and strategic decisions.

- 13.3. Other powers including, inter alia, the setting of committee charters and company policies, may be delegated to the board committees, the CEO, and management, in accordance with the Reservation of Powers (Appendix 1). Where appropriate financial limits and contract terms may be set as well as conditions for pre-approval or post-ratification.
- 13.4. Notwithstanding any delegation of duties to board committees or executive management, the board retains its powers and overall responsibility for the management of the Coronation Group.

#### **14. RISK MANAGEMENT AND INTERNAL CONTROL**

- 14.1. The board is responsible for determining the policies and processes necessary to ensure the integrity of the internal controls and risk management.
- 14.2. The board must also ensure that it continually reviews and forms its own opinion on the effectiveness of the risk management process.
- 14.3. The risk committee is mandated to assist the board in reviewing the risk management process, the significant risks facing CFM and the adequacy of plans to manage and mitigate these risks.

#### **15. CORPORATE GOVERNANCE**

- 15.1. The board is responsible for the governance across the Coronation Group by setting the direction for how the relationships and exercise of power within the group should be approached and conducted.
- 15.2. The Coronation Group applies the principles of the King IV Report and applies the recommended practices to the extent they advance effective and appropriate governance across the Group.

#### **16. MONITORING OF OPERATIONAL PERFORMANCE**

- 16.1. The board shall monitor and evaluate the implementation of the company's strategies, policies and business plans, as a measure of operational performance and management. The mechanism for achieving this will include feedback at quarterly board meetings.
- 16.2. The Board will also establish appropriate reporting structures to ensure it can adequately track compliance with all policies and ethical standards the Board has determined.

#### **17. PUBLIC COMMUNICATIONS**

- 17.1. Public communications on the affairs of the company should normally be dealt with by executive management. The board may by exception decide to communicate directly, in



which case only the chairperson shall make such communication, unless the board has specifically by resolution authorised one of its other members to do so.

- 17.2. It is recognised that each director, however, has fiduciary responsibility to a wide range of stakeholders. Where such director is compromised by a serious matter of conscience and feels compelled to make a public communication, he or she shall first, where legally permissible, discuss the matter with the chairperson and, on the chairperson's advice, with the relevant stakeholder/s.

## **18. REVIEW AND APPLICATION OF THE CHARTER**

- 18.1. This charter will be reviewed on an annual basis (or earlier if required from time to time) and any amendments thereof will be subject to the approval of the board.
- 18.2. Where this charter sets out pre-determined timelines and procedures, the board may deviate where it determines appropriate, provided that it does not contravene the Listings Requirements of the JSE, the Companies Act 71 of 2008, as amended, or any other legal requirement.



## RESERVATION OF POWERS

### Introduction:

The board retains its powers in terms of its overall responsibility for the running of the Coronation Group. Besides the powers reserved for board approval in terms of the Authority Framework, it delegates authority to the executive committee, to run the company and business, on the basis that regular quarterly board meetings are held, at which there is full coverage of all events and initiatives within the business during that quarter.

Although the board delegates certain responsibilities to the committees, the board remains ultimately responsible for the following:

1. Approval and Appointment of Directors
2. Group Remuneration Policy
3. Identification and monitoring of Key Risk areas.
4. Monitoring agreed Key performance Indicators (KPI's) of the CEO and CFO on an annual basis.
5. Dividend policy and declaration
6. Significant change(s) in accounting policies or business practices
7. Approval of AFS, interim reports, IAR, valuation of unlisted investments
8. Convening general meetings of shareholders
9. Litigation/arbitration other than in the ordinary course of business, and also some kind of value limit for the ordinary course of business
10. Pension/provident fund amendments which will have a material impact on CFM's liability (e.g. healthcare costs)
11. Assessing on an ongoing basis that technology, information management and systems used in the organisation are appropriate to manage its business appropriately and competitively through the efficient use of its resources.
12. Appointment/removal of company secretary and/or public officer
13. Any significant variation of company's code of conduct
14. Listing or delisting of shares on any stock exchange
15. Approval of new issues of shares
16. Approval of any BBBEE scheme or transaction
17. Limits of authorities for signing purposes and signatories

Policy	CFM Group Board Charter
Approved by	CFM Board 16 November 2023